HOV SERVICES LIMITED
CIN: L72200PN1989PLC014448
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**NOTICE OF POSTAL BALLOT**
**Pursuant to Section 110 of the Companies Act, 2013**

Dear Members,

NOTICE is hereby given that, pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013, (the "Act") read together with Rule 22 of the Companies (Management and Administration) Rules, 2014, including any statutory modification/s or re-enactment/s thereof for the time being in force, the resolutions appended below are proposed to be passed by way of Postal Ballot/e-Voting.

The proposed Special Resolutions and Explanatory Statement pertaining to the said Resolutions setting out all material facts concerning the resolutions and the reasons thereto are annexed hereto for your consideration. The Postal Ballot Form for voting by you as shareholder of the Company is also enclosed. The Company has appointed Shri S. Anand SS Rao., Practicing Company Secretaries, as Scrutinizer for conducting this Postal Ballot voting process in a fair and transparent manner.

Please read carefully the instructions printed in the postal ballot form and return the form duly completed and signed in the attached self-addressed, business reply envelope, so as to reach the Scrutinizer before the closing of working hours (17:00 hrs.) on Monday, November 3, 2014. Please note that any postal ballot form(s) received after the said date will be strictly treated as if no reply has been received from the Member. No other form or photocopy thereof is permitted.

The e-voting facility is available at the link https://evoting.karvy.com. Please refer the instructions for e-voting given after the Proposed Resolutions for the process and manner in which e-voting is to be carried out.

The Scrutinizer will submit his report to the Chairman or any other Director of the Company after the completion of the scrutiny of the postal ballots (including e-voting). The Chairman or any other Director of the Company will announce the results on Tuesday, November 4, 2014 at the Registered Office of the Company. The said results would be, intimated to the Stock Exchanges where the Company's shares are listed, published in the newspaper and displayed on the Company's website viz.www.hovsltd.com.

By Order of the Board of Directors
**HOV Services Limited**
Sd/-
Sunil Rajadhyaksha
**Chairman & Executive Director**
Mumbai,
Date September 30, 2014

**Proposed Resolution:**

1. **To consider and, if thought fit, to pass the following Resolution as a Special Resolution for Sale of Company's entire investment in SourceHOV through its US based wholly owned subsidiary HOVS LLC to affiliate/related parties of Promoters:**

**"RESOLVED THAT** pursuant to the provisions of Section 180 and Section 110 read with the Companies (Management and Administration) Rules, 2014 and Clause 49(VII) of the Listing Agreement entered with the Stock Exchanges, as amended from time to time and other applicable provisions, if any, of the Companies Act, 2013, approval of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a committee thereof) for the **"sale of Company's entire investment "**to an affiliate/related party as set out in the Explanatory Statement of the Notice."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do and perform all such acts, matters, deeds and things, as may be necessary, without further referring to the Members of the Company, including finalising the terms and conditions, methods and modes in respect thereof, determining the exact effective date, if need to be changed, and finalising and executing necessary documents including schemes, agreements, deeds of assignment / conveyance and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company including the power to delegate, to give effect to this Resolution."

2. **To consider and, if thought fit, to pass the following Resolution as a Special Resolution for Sale of Company's entire investment in SourceHOV through its US based wholly owned subsidiary HOVS LLC to other potential buyers:**

**"RESOLVED THAT** pursuant to the provisions of Section 180 and Section 110 read with the Companies (Management and Administration) Rules, 2014 and Clause 49(VII) of the Listing Agreement entered with the Stock Exchanges, as amended from time to time and other applicable provisions, if any, of the Companies Act, 2013, approval of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a committee thereof) for the **" sale of Company's entire investment "** to any other potential buyers as set out in the Explanatory Statement of the Notice."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do and perform all such acts, matters, deeds and things, as may be necessary, without further referring to the Members of the Company, including finalising the terms and conditions, methods and modes in respect thereof, determining the exact effective date, if need to be changed, and finalising and executing necessary documents including schemes, agreements, deeds of assignment / conveyance and such other documents as may be necessary or expedient in its own discretion and in the best interest of the Company including the power to delegate, to give effect to this Resolution."

3. **To consider and, if thought fit, to pass the following Resolution as a Special Resolution for merger of SourceHOV and BancTec**

"**RESOLVED THAT** the approval of the Company be and is hereby given for the Merger of SourceHOV and BancTec as set out in the Explanatory Statement of the Notice to the shareholders and that the Board of Directors of the Company (which shall include a Committee of Directors that may be constituted for this purpose) be and is hereby authorized to complete the Merger.

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do and perform all such acts, matters, deeds and things, as may be necessary, without further referring to the Members of the Company, including finalising the terms and conditions, methods and modes in respect thereof, determining the exact effective date, and finalising and executing necessary documents including agreements, deeds of assignment / conveyance and such other documents as may be necessary, or expedient in its own discretion including the power to delegate to give effect to the aforesaid Resolution in the best interest of the Company.

By Order of the Board of Directors
**HOV Services Limited**
Sd/-
Sunil Rajadhyaksha
**Chairman &Executive Director**
Mumbai,
Date September 30, 2014

**NOTES:**

**1.** The Explanatory Statement and reasons for the proposed Special Resolutions pursuant to Section 102 of the Act setting out material facts are appended to the Notice.

**2.** The Postal Ballot Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners, received from National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL) as on September 19, 2014.

**3.** Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on September 19, 2014.

**4.** Resolutions passed by the members through Postal Ballot are deemed to have been passed effectively at a general meeting of the members. The Special Resolutions shall be declared as passed if the number of votes cast in favour of the Special Resolution is not less than three times the number of votes cast against the Special Resolution.

**5.** In compliance with provisions of Section 108 of the Companies Act read with the Rules and Clause 35B of the Equity Listing Agreement, the Company is pleased to offer e-voting facility for its members to enable them to cast their votes electronically. Members have option to vote either through e-voting or through the physical Postal Ballot Form. If a member has opted for e-voting, then he/she should not vote by physical Postal Ballot also and vice-versa. However, incase members cast their vote both via physical Postal Ballot and e-voting, then voting through e-voting shall prevail and voting done by Postal

Ballot shall be treated as invalid. For this purpose, the Company has signed an agreement with the KARVY Computershare Private Limited for facilitating e-voting.

## Explanatory Statement for the proposed Resolutions pursuant to Section 102 of the Companies Act, 2013 (hereinafter referred to as the "Act")

### For Resolutions No. 1, No. 2 and No. 3

1. HOV Services Limited ("**Company**") holds an investment of 26.1% of the shareholding ("**Investment**") through its wholly owned direct subsidiary HOVS LLC, ("**HOVS LLC**") a Nevada (USA) based limited liability company in SourceHOV Holdings Inc. ("**SourceHOV**"), a Delaware (USA) based corporation.

2. HOVS LLC, which is a wholly-owned 'material' subsidiary of the Company, is proposing to sell its entire Investment to the potential buyers. Since the value of the shares proposed to be sold to the potential Buyers by HOVS LLC accounts for more than 20% of HOV Services Limited assets, the Proposed Sale of Shares requires approval from the shareholders of the Company *inter alia* under applicable provisions of the Companies Act (if any) and Clause 49(V)(G) read with Clause 49(V)(E) of the Listing Agreement entered with the Stock Exchanges.

3. The Company has received an offer for purchase of its entire investment of its wholly owned subsidiary in SourceHOV from a US-based company HandsOn Fund 4 LLC ("**HOF4"**), where the ultimate beneficial owners are from among persons who are promoters of the Company ("**Proposed Sale Transaction**").

4. Apart from and post the Proposed Sale Transaction, BancTec Group LLC., a Delaware (USA) based corporation has entered into an agreement to merge its wholly owned subsidiary, BancTec Group Corporation, with Source HOV, a Delaware (USA) based company, headquartered in Texas, wholly owned subsidiary of SourceHOV Holdings Inc., ("**Merger"**)

5. **T**he Company has obtained a valuation report from M/s PKF Sridhar & Santhanam, Chartered Accountants for BancTec Group and has also obtained a fairness opinion from Keynote Corporate Services Ltd., a Category I merchant banker to evaluate the merger consideration and the related exchange ratios. The exchange of one share of BancTec for 1.0967 shares of SourceHOV in this Merger, is fair.

6. In the event of the Proposed Sale Transaction getting consummated, the Board of Directors of the Company will monitor the use of sale proceeds, including considering dividend and new investments to grow the current business.

### The Proposed Resolution No. 1

7. The Proposed Sale Transaction for purchase of entire Investment for US$ 95 million by HOF4, will be contracted and consummated at the same valuation as provided to other major shareholder.

8. The Proposed Sale Transaction is a 'material related party transaction' requiring approval from the shareholders of the Company *inter alia* under applicable provisions of the Companies Act and Clause 49(VII)(E) read with Clause 49(VII)(A),(B),(C) of the Listing Agreement. In terms of the Explanation (ii) to Clause 49(VII) all the promoters/promoter group entities of the Company would abstain from voting in relation to the Proposed Resolution No. 1.

**Proposed Resolution No. 2:**

9. The shareholders' approval is sought for the sale of entire Investment to other potential buyers at a minimum price of US$ 95 million (as mentioned in para 7 of this explanatory statement) and on similar/ better terms ("**Proposed Sale of Shares**").

**Proposed Resolution No. 3:**

10. SourceHOV, has entered into a merger agreement with BancTec Group LLC, a Delaware limited liability company ("BancTec"). Both SourceHOV and BancTec are headquartered in Dallas, Texas. In the transaction, stockholders of BancTec will receive stock in SourceHOV, according to para 4 & 5 of the explanatory statement. SourceHOV will use a new credit facility to refinance existing indebtedness, redeem certain existing SourceHOV equity holders and provide additional working capital.

11. Closing of the transaction is subject to customary conditions, including regulatory approvals, and is expected to occur this year.

The price of the Proposed Sale of Shares is supported by a 'fairness opinion' from Keynote Corporate Services Ltd., a Category I merchant banker.

The valuation report and fairness opinion referred to in the accompanying Notice and Explanatory Statement are open for inspection between 10:00 AM to 12:00 Noon on all working days between Monday to Friday at the Registered Office of the Company.

**Disclosures:**

The Promoters of the Company will abstain from voting on the resolution No. 1 and resolution No. 3 as the Proposed Sale Transaction is a 'related party transaction' as per Companies Act, 2013, accounting standards and the Listing Agreement entered with the Stock Exchanges.

The Promoters or Promoter group of the Company can vote on the resolution No. 2 as the Proposed Sale of Shares to other potential buyers will not constitute a 'related party transaction' as per applicable laws and Listing Agreement with the Stock Exchanges.

The Promoters and Promoter Directors of HOV Services Limited have 5.38 % shareholding interest in SourceHOV and 47.5% in the parent of BancTec.

None of the Independent Directors and KMP of the Company has any concern, interest financial or otherwise in the aforesaid resolutions.

Your Directors commend the passing of the proposed Special Resolutions in the best interest of the Company.

By Order of the Board of Directors
**HOV Services Limited**
Sd/-
Sunil Rajadhyaksha
**Chairman & Executive Director**
Mumbai,
Date September 30, 2014

**INSTRUCTIONS FOR VOTING**

**Voting through Physical Postal Ballot Forms:**

1. The Members are requested to carefully read the instructions printed on the reverse of the Postal Ballot Form duly completed with the assent (for) or dissent (against) in the enclosed postage pre-paid self-addressed envelope, so as to reach the Scrutinizer on or before Monday, November 3, 2014 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member.

2. The Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form is permitted.

3. Envelopes containing Postal Ballot Form, if deposited, in person or sent by courier at the expense of the Members will also be accepted.

**E Voting Facility:**

**A:** In case a Member receives an e-mail from Karvy [for members whose e-mail IDs are registered with the Company/Depository Participant(s)]:

i. Launch internet browser by typing the following URL: http://evoting.karvy.com.

ii. Enter the login credentials (i.e., User ID and password mentioned on the Postal Ballot Form). However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i. e. "HOV Services Limited."

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Shareholders holding multiple folio/demat account shall choose the voting process separately for each folios/demat account.

ix. Voting has to be done for business item of the notice, in case you do not desire to cast your vote on any said item, it will be treated as "abstained".

x. Cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution.

xii. Corporate/Institutional Members (i.e other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc. to the Scrutiniser at E-mail ID: anandssrao@gmail.com, with a copy marked to evoting@karvy.com . The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

**B:** In case a Member receives physical copy of the Notice of Postal Ballot [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy]:

(i) User ID and initial password as provided on the Form.

(ii) Please follow all steps from Sl. No. (i) to Sl. No. (xii) above, to cast your vote.

**GENERAL:**

1. The physical voting/e-voting period commences on Sunday; October 5, 2014 (10: 00 AM) and ends on Monday; November 3, 2014 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date being September 19, 2014 may cast their vote. Once the vote on the Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of http://evoting.karvy.com or contact Karvy Computershare Pvt. Ltd. at Tel No. 18003454001 (toll free).

3. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

4. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 19, 2014.

5. The Board of Directors has appointed **Shri S. Anand SS Rao, the Practicing Company Secretaries,** as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

6. The Results shall be declared by on Tuesday, November 4, 2014 and the Resolution will be deemed to be passed on the said date subject to the requisite number of votes in favour of the Resolution.

7. The Results declared alongwith the Scrutiniser's Report shall be placed on the Company's website www.hovsltd.com and shall also be communicated to the Stock Exchanges.